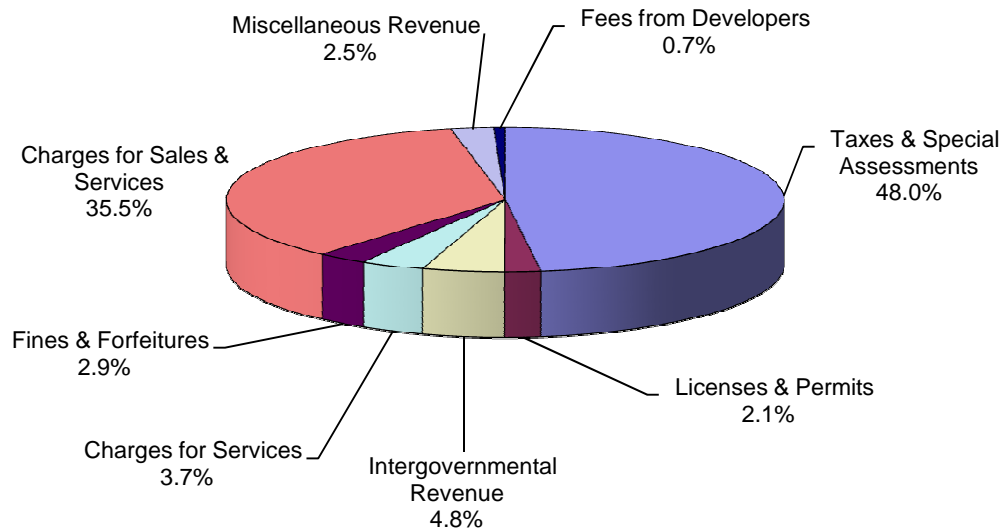
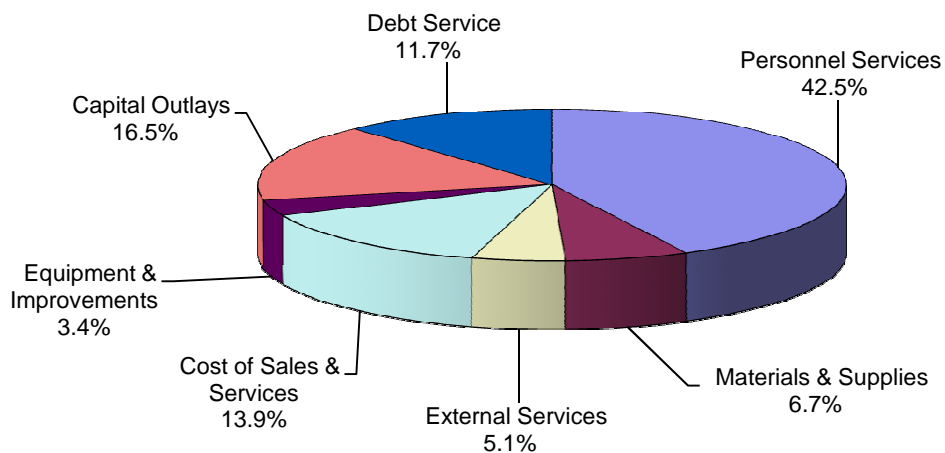


BUDGET SUMMARY

Consolidated Financing Sources FY 2012



Consolidated Financing Uses FY 2012



Budget Summary**Consolidated Budget**

SUMMARY	2008 Actual	2009 Actual	2010 Actual	2011 Estimated	2012 Approved
Financing Sources:					
Taxes & Special Assessments	\$ 44,069,845	\$ 41,320,496	\$ 40,604,806	\$ 40,802,984	\$ 41,728,516
Licenses & Permits	2,692,112	2,211,421	1,640,829	1,623,100	1,800,400
Intergovernmental Revenue	8,337,754	11,983,053	8,531,707	6,023,360	4,142,250
Charges for Services	2,592,779	3,083,704	2,900,399	2,801,497	3,197,938
Fines & Forfeitures	2,939,116	2,938,222	2,712,267	2,644,246	2,527,900
Charges for Sales & Services	29,646,445	29,791,686	28,398,452	30,279,276	30,917,740
Bond Proceeds	41,642,793	11,040,000	14,805,656	-	-
Miscellaneous Revenue	8,203,281	14,316,146	2,804,512	2,878,506	2,137,997
Fees from Developers	1,643,221	1,237,167	487,959	388,500	568,000
Total Financing Sources	141,767,346	117,921,895	102,886,587	87,441,469	87,020,741
Financing Uses:					
Personnel Services	36,617,010	37,855,319	36,863,003	37,930,643	37,409,949
Materials & Supplies	5,767,087	5,261,263	4,908,404	6,184,894	5,937,099
External Services	3,744,137	3,974,610	3,920,725	4,973,069	4,512,138
Cost of Sales & Services	10,313,841	10,847,688	8,853,454	11,539,101	12,270,140
Equipment & Improvements	36,667,050	12,073,439	8,303,474	6,861,765	3,015,502
Capital Outlays	30,527,644	38,610,504	25,755,374	39,219,686	14,512,424
Debt Service	10,402,788	10,074,792	11,699,300	10,503,752	10,316,487
Bond Refunding	-	-	6,960,000	-	-
Total Financing Uses	134,039,557	118,697,615	107,263,734	117,212,910	87,973,739
Excess (Deficiency) of Financing Sources over Financing Uses	\$ 7,727,789	\$ (775,720)	\$ (4,377,147)	\$ (29,771,441)	\$ (952,998)

Notes to the Consolidated Budget Schedule

Internal Services and Transfers - The consolidated schedule attempts to eliminate double counting, and therefore it excludes internal services charges both as financing uses in the departments and as revenue in the internal service funds. By so doing, the costs of internal services such as fleet, information services, and risk management are broken out into individual components such as personnel, materials & supplies, capital outlays, etc. The consolidated schedule also excludes all interfund transfers.

Capital Outlays - The capital outlays line includes all operating and non-operating capital outlays as well as all capitalized labor, materials, and supplies. As a result, the personnel services line includes all salary and benefit costs except those that have been capitalized which are \$1,240,860 for FY 2012. Capitalized material and supplies total \$31,998. Capitalized internal services are omitted to avoid double counting.

Capital Carryovers - Each year, any unspent appropriation for capital projects is reappropriated in the next year. The City Council holds a public hearing before approving these carryovers in a meeting usually scheduled at the beginning of October. The FY 2011 estimated column is the FY 2011 budget plus any revisions made during the year including the capital project carryovers. The \$39,219,686 shown on the capital outlay line for FY 2011 includes \$24,699,281 that was reappropriated from the prior year. At the close of FY 2011, any remaining appropriation will be reappropriated in FY 2012.

Debt Service - The FY 2012 debt service line includes \$4,560,000 used to retire current debt.

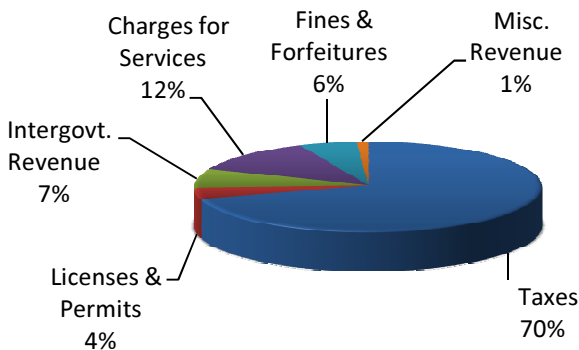
Excess/Deficiency - The line item labeled "Excess (Deficiency) of Financing Sources over Financing Uses" represents a budgeted increase in fund balance in the case of excesses and usage of beginning fund balance in the case of a deficiency. As explained above, the FY 2011 deficit is attributable to the capital projects carryover which is essentially the usage of beginning fund balance.

Budget Summary

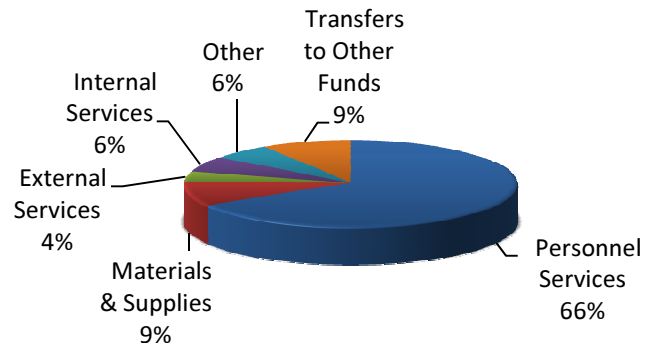
Fund 1 - General

Summary	2008 Actual	2009 Actual	2010 Actual	2011 Estimated	2012 Approved
Financing Sources:					
Taxes	\$ 34,882,240	\$ 32,416,826	\$ 31,551,101	\$ 30,731,666	\$ 32,268,900
Licenses & Permits	2,692,113	2,211,421	1,640,829	1,902,323	1,800,400
Intergovernmental Revenue	3,690,894	3,251,045	3,254,335	3,231,195	3,155,720
Charges for Services	4,065,108	4,602,196	4,589,829	4,920,442	5,661,655
Fines & Forfeitures	2,917,276	2,933,124	2,710,377	2,520,151	2,527,900
Miscellaneous Revenue	416,289	525,116	404,769	777,650	500,824
Transfers In From Other Funds	40,000	241,122	877,638	1,020,006	-
Transfers From Reserves	21,299	153,878	-	-	-
Total Financing Sources	48,725,219	46,334,728	45,028,878	45,103,433	45,915,399
Financing Uses:					
Personnel Services	29,647,831	30,642,598	29,703,820	30,579,044	30,313,367
Materials & Supplies	4,326,938	4,055,835	3,472,142	3,981,726	4,158,555
External Services	1,551,308	1,487,557	1,563,305	1,511,911	1,719,505
Internal Services	2,563,538	2,529,388	2,681,653	2,679,922	2,687,529
Grants	79,872	1,602	-	-	-
Equipment & Improvements	662,926	922,228	763,366	123,159	158,709
Contingency	-	-	-	168,736	158,736
Capitalized Internal Services	1,490,100	1,223,139	1,219,030	1,176,000	1,170,000
Capital Outlays	371,508	742,364	1,127,416	1,255,594	1,276,594
Transfers to Other Funds	8,007,396	4,979,859	4,691,893	3,633,082	4,061,727
Transfers to Reserves	-	-	27,493	-	-
Total Financing Uses	48,701,417	46,584,570	45,250,118	45,109,174	45,704,722
Excess (Deficiency) of Financing Sources over Financing Uses	23,802	(249,842)	(221,240)	(5,741)	210,677
Fund Balance - Beginning	5,522,615	5,546,417	5,296,575	5,075,335	5,069,594
Fund Balance - Ending	\$ 5,546,417	\$ 5,296,575	\$ 5,075,335	\$ 5,069,594	\$ 5,280,271

Financing Sources



Financing Uses



Budget Summary

Fund 1 - General

Financing Sources	2008 Actual	2009 Actual	2010 Actual	2011 Estimated	2012 Approved
Taxes & Special Assessments					
3111 General Property Taxes	\$ 7,233,667	\$ 7,184,089	\$ 7,369,288	\$ 7,228,804	\$ 7,640,000
3112 General Sales & Use Taxes	19,746,003	17,109,760	16,064,881	15,390,006	15,280,900
3113 Franchise Taxes	7,145,328	7,382,659	7,422,695	7,484,361	8,768,000
3115 Motor Vehicle Fee	757,242	740,318	694,237	628,495	580,000
Licenses & Permits					
3121 Business Licenses & Permits	917,104	946,903	909,734	923,249	970,000
3122 Building Permits	1,685,852	1,170,237	620,466	840,741	727,500
3123 Animal Licenses	36,567	38,465	40,814	42,363	42,900
3124 Road Cut Permits	52,590	55,816	69,815	95,970	60,000
Intergovernmental Revenue					
3131 Federal Grants	91,522	16,831	16,625	-	-
3132 State Grants	3,391,052	2,955,894	2,959,390	2,952,875	2,877,400
3133 County Grants	8,320	8,320	8,320	8,320	8,320
3134 Local Grants	200,000	270,000	270,000	270,000	270,000
Charges for Services					
3141 Administrative Charges	1,774,104	1,931,193	2,067,801	2,196,409	2,484,486
3142 Public Safety Fees	1,867,436	2,334,681	2,208,536	2,049,952	2,124,508
3143 Public Works Fees	1,935	755	2,775	4,055	3,000
3144 Parks & Cemetery Fees	153,091	164,838	145,886	144,946	145,000
3145 Community Development Fees	192,803	82,823	97,835	73,306	101,200
3149 Other Services & Fees	75,739	87,906	66,996	451,774	803,461
Fines & Forfeitures					
3151 Court Fines	2,765,120	2,781,056	2,554,241	2,387,614	2,390,400
3152 Dog Fines	27,681	26,206	28,711	26,062	27,500
3153 Court Surcharge	124,475	125,862	127,425	106,475	110,000
Miscellaneous Revenue					
3161 Interest Income	206,103	222,151	70,861	25,421	26,000
3162 Cell Tower Leases	171,149	170,459	169,523	677,199	384,824
3169 Sundry	39,037	132,506	164,385	75,030	90,000
Transfers In From Other Funds	40,000	241,122	877,638	1,020,006	-
Total Financing Sources	\$ 48,703,920	\$ 46,180,850	\$ 45,028,878	\$ 45,103,433	\$ 45,915,399
Transfers to Other Funds					
44124 Recreation Fund	270,825	270,497	275,039	270,976	276,257
44125 Community Events & Arts Fund	468,220	482,400	465,576	375,284	366,906
44126 Sandy Arts Guild Fund	208,027	229,875	214,210	297,674	301,933
441270 Electric Utility Fund	1,017,276	728,020	702,129	706,788	795,319
44131013 Justice Court Building Bonds	201,524	230,132	279,204	280,229	280,229
44131017 2008 Soccer Stadium Bonds	-	197,574	218,035	218,035	218,035
4413102 City Hall Bonds	439,234	449,162	443,246	434,900	83,100
4413103 Municipal Buildings Bonds	1,374,201	721,871	-	-	-
4413104 Section 108 Loan	-	7,478	-	-	-
44141 Capital Projects - Gen. Rev. Fund	3,760,443	1,068,042	966,054	-	618,874
4414601 Capital Projects - State Rd. Fund	267,646	594,808	1,107,080	1,049,196	1,075,469
441560 Golf Fund	-	-	-	-	45,605
4417113 Trust Fund	-	-	21,320	-	-
Total Transfers to Other Funds	\$ 8,007,396	\$ 4,979,859	\$ 4,691,893	\$ 3,633,082	\$ 4,061,727

GOALS & OBJECTIVES

Sandy City has adopted the following mission statement:

“Working together to enhance the quality of life in our community”

Consistent with this mission, the FY 2011-12 budget reflects the input of numerous individuals and groups, including the Mayor, the City Council, citizens, the Chief Administrative Officer, department heads, budget staff, and others. This section outlines eight citywide goals that have shaped budgetary decisions for this fiscal year in efforts to enhance the quality of life for Sandy citizens. Although all eight goals are important, the goal of maintaining and improving basic core municipal services is the highest priority. Also included in this section is a summary of results from the citizen survey about the overall direction of the city and citizen priorities.

FY 2011-12 CITYWIDE GOALS

- 1) Maintain and improve basic core municipal services
- 2) Maintain integrity of residential neighborhoods and preserve property values
- 3) Preserve and improve public infrastructure and transportation systems
- 4) Preserve and expand existing businesses / seek new clean commercial businesses
- 5) Develop and improve the city’s recreational trails and increase recreational opportunities (i.e. provide park and green spaces for recreational activities and to enhance the environment)
- 6) Develop and maintain community facilities
- 7) Strengthen communications with citizens, businesses, and other institutions
- 8) Maintain a highly qualified employee workforce



CITIZEN PRIORITIES

The following is a summary of responses to questions about the overall direction of the city and citizen prioritization of issues facing the city. Dan Jones and Associates conducts this survey annually. The results provide valuable feedback on current operations and input on the city's policy direction. Only issues and improvements that received a response rate of 2% or greater have been included. Additionally, selected results from the survey are found throughout this book in the departmental sections.

Measure (Fiscal Year)	2007	2008	2009	2010	2011
What is the one major improvement that you would like to see in the next five years that would make living in Sandy City better for you?					
Finish roads / no more road construction	--	4%	3%	3%	15%
More parks / open space / recreation	8%	6%	6%	5%	9%
Better traffic control	13%	6%	7%	9%	6%
Lower taxes	4%	4%	4%	6%	5%
Empty retail spaces / vacancy	3%	2%	2%	4%	5%
Transportation / TRAX / buses	3%	<1%	3%	3%	4%
Road improvement	16%	11%	9%	7%	4%
Miscellaneous city council / government issues	2%	2%	3%	5%	3%
Beautification / clean up city	1%	4%	2%	2%	2%
More schools / money to schools / school issues	4%	3%	2%	2%	2%
Sidewalks / curbs / gutters	1%	<1%	1%	2%	2%
Growth / keep up with growth / less growth	3%	1%	2%	1%	2%
Better planning / zoning / zoning issues	1%	1%	1%	1%	2%
Enforce ordinances	--	1%	1%	1%	2%
More business / grocery stores	--	--	--	2%	2%
What is the major improvement, if any, that you have seen occur in Sandy City over the past five years?					
Road improvement / streets	15%	23%	18%	20%	36%
Shopping / business growth	17%	17%	18%	14%	7%
None / no change / no improvements	6%	5%	5%	4%	6%
Parks / more parks / recreation	5%	5%	6%	3%	5%
Soccer stadium	--	1%	5%	7%	4%
Street lights	4%	3%	3%	3%	3%
Cleaner city / beautification / landscaping	3%	4%	2%	2%	3%
Lowe's / Wal-Mart / shopping complex	2%	2%	3%	3%	2%
Development	3%	4%	3%	2%	2%
City Hall / government facility	2%	<1%	1%	<1%	2%
Improved infrastructure	1%	1%	2%	1%	2%
City services (fire / snow removal, etc.)	2%	1%	1%	1%	2%
Sandy City's mission statement is "Working together to enhance the quality of life in our community." As you think about this mission statement, how would you personally define quality of life? What makes a good quality of life for you and your family?					
Safety / no fear of crime / safe secure environment	46%	52%	51%	51%	50%
Nice place to live	--	--	--	--	5%
Clean / well kept up / aesthetically pleasing	3%	5%	3%	5%	4%
Miscellaneous government comments	1%	2%	2%	1%	4%
Lower taxes	1%	2%	--	2%	3%
Community spirit / togetherness	--	3%	1%	1%	3%
Good neighbors / friendly / care for each other	5%	3%	2%	4%	2%
Good School / educational opportunities	3%	3%	2%	1%	2%
Family / spending time together / happy family	1%	1%	<1%	1%	2%

Measure (Fiscal Year)	2007	2008	2009	2010	2011
What would you consider to be the most important issue facing Sandy City today?					
Growth / increased population	23%	19%	16%	16%	10%
Schools / education	11%	11%	9%	6%	9%
Taxes / high taxes	3%	5%	4%	11%	8%
Traffic / traffic lights	7%	7%	4%	4%	7%
Crime / gangs / drugs	4%	7%	3%	8%	7%
Economic problems	<1%	<1%	8%	5%	5%
Roads / road improvement	3%	2%	2%	2%	5%
Budget issues / finance	--	1%	7%	9%	4%
Government issues / city hall / politician issues	2%	2%	4%	1%	4%
Public Safety	3%	3%	3%	4%	3%
Police / police protection / law enforcement	1%	1%	2%	2%	2%
Planning / zoning / master plan	1%	1%	1%	<1%	2%
Maintaining quality of life	1%	1%	<1%	<1%	2%



GUIDING FINANCIAL PRINCIPLES

While the city's long-term goals and objectives guide what the budget accomplishes, how that is accomplished is based on the following guiding principals:

- Sandy City exists only to serve the needs of its citizens. Since these needs are continuing and changing, the city should consistently receive citizen feedback based on both long-term and current needs.
- Sandy City should strive for economy, efficiency, and effectiveness in providing basic services. Thus, these services should not cost more than similar services provided by private industry.
- Sandy City should strive for generational fairness. Thus, each generation of taxpayers should pay its fair share of the long-range cost of these city services.
- Sandy City should finance services rendered to the general public (such as police, fire, streets, and parks) from revenues imposed on the general public, such as property and sales taxes. Special services rendered to specific groups of citizens should be financed by user fees, impact fees, license and permit fees, or special assessments.
- Sandy City should balance all budgets annually, in accordance with the requirements of Utah law, which states the following:
 - The total of the anticipated revenues shall equal the total of appropriated expenditures (Section 10-6-110, U.C.A.).
 - The governing body of any city may not make any appropriation in the final budget of any fund in excess of the estimated expendable revenue for the budget period of the fund (Section 10-6-117, U.C.A.).
- Sandy City should allow for a reasonable surplus (fund balance) to accumulate for the following purposes:
 - To provide sufficient working capital.
 - To provide a cushion to absorb emergencies such as floods, earthquakes, etc.
 - To provide for unavoidable shortfalls in revenues.

The city has adopted specific policies based on these guiding principles by which it conducts its financial affairs. These policies are stated in the following sections that discuss the budget process, financial structure, revenue, debt, and capital projects.

BUDGET PROCESS

BUDGET ROLES AND RESPONSIBILITIES

Sandy City Citizens – The citizens’ role is to provide feedback to the elected officials about the level of service they desire and about how satisfied they are with the services provided. They do this by participating in public hearings, contacting City Hall, or by responding to the annual citizens’ survey.

The City Council – The Council’s role is to provide policy direction to the Mayor, City Administrator, Department Heads, and Budget Staff. Council members should also facilitate citizen input by holding public hearings on the tentatively adopted budget. They receive a tentative budget from the Mayor on or before the first regularly scheduled meeting in May. They discuss the budget with each department and determine any changes that they wish to make. They legally adopt the final budget on or before June 22. However, if there is a change to the certified tax rate, the final budget can be adopted as late as August 17.

The Mayor – The Mayor’s role is to prepare and present a tentative budget to the City Council for review, consideration, and adoption.

BUDGET CALENDAR 2011 - 2012

ID	Responsible Party	Finish	Jan 2011				Feb 2011				Mar 2011				Apr 2011				May 2011				Jun 2011				Jul 2011			
			1/2	1/9	1/16	1/23	1/30	2/6	2/13	2/20	2/27	3/6	3/13	3/20	3/27	4/3	4/10	4/17	4/24	5/1	5/8	5/15	5/22	5/29	6/5	6/12	6/19	6/26	7/3	7/10
1	Mayor, Budget Committee	1/25/2011	Budget Preparation Guidelines																											
4	Finance Director	2/4/2011	Report to County - Public Hearing Tax Increase Intent																											
2	Department Heads	2/8/2011	Cabinet Budget Retreat																											
5	Department Heads	2/8/2011	Submit Capital Project/One Time																											
6	Department Heads	2/8/2011	Estimate Restricted Revenues																											
7	City Treasurer	2/8/2011	Develop Fee Schedule																											
3	Budget Committee	2/15/2011	Budget Overview with City Council																											
8	Department Heads	2/15/2011	Finalize Internal Service																											
9	Budget Committee	2/21/2011	Review Capital Projects, One Time Proposals																											
10	Finance Director	3/1/2011	Estimate General Revenues																											
11	Personnel	3/11/2011	Personnel Service Costs																											
12	Department Heads, Budget Committee, City Council	3/11/2011	Develop Compensation Plan																											
13	Department Heads	3/14/2011	Departments Submit Tentative Budget																											
14	Mayor, CAO, Budget Committee, Departments	4/26/2011	Review, Balance, Finalize, Mayor's Tentative Budget																											
15	Mayor, City Council	4/26/2011	Present, Adopt Tentative Budget, Establish Hearings/Publication of Notice																											
16	City Recorder	5/5/2011	Notice/Public Hearings for all Budgets including Alta Canyon/RDA																											
17	City Council	5/24/2011	Budget Public Hearings																											
18	City Council	5/31/2011	Adopt Approved Budget																											

The Chief Administrative Officer – The CAO’s role is to oversee the budget process as the city’s Chief Budget Officer, making sure the budget is balanced and that expenditures are within projected revenues. With the Mayor’s approval, the CAO prepares a tentative budget that is presented to the City Council on or before the first regularly scheduled meeting in May. The CAO also holds departments accountable for expenditures, making sure they are within departmental budget appropriations.

The Department Heads – The department heads’ role is to prepare a budget request based on available revenue and the policy direction they have been given. Department heads are also responsible for making sure their department’s expenditures are within budget appropriations.

The Budget Staff – The budget staff’s role is to prepare the tentative and final budget document under the direction of the Mayor and the Chief Administrative Officer. The staff members also review departmental budget requests and available resources and make recommendations for balancing the tentative budget.

BUDGET AMENDMENTS AND MANAGEMENT

Once adopted, the budget can be amended by subsequent City Council action. Reductions in or reallocations of departmental appropriations can be approved by the City Council upon recommendation of the Budget Officer, but appropriations cannot be increased in a governmental fund without a public hearing. Transfers of unexpended appropriations from one expenditure account to another in the same department can be made with the approval of the Budget Officer.

The Finance Department prepares and distributes a monthly budget report by the 10th day of the following month. Recipients of the report include the Mayor, the City Council, the Chief Administrative Officer, and all managers with budget responsibilities. The report mirrors the financial schedules contained in this budget book and includes current month expenditures, year-to-date expenditures, encumbrances, the year-to-date budget, year-to-date variances, the annual budget, and the remaining budget.

As determined by Utah state law, the level for which expenditures may not legally exceed appropriations is the departmental budget within a given fund. The City Council also requires approval for any expenditure exceeding appropriations at the project level for all capital projects. All unexpended budget appropriations lapse at the end of the budget year. However, unexpended Capital Projects Fund appropriations may be reappropriated by a resolution of the City Council without holding public hearings.

FINANCIAL STRUCTURE

The various funds used for accounting and reporting purposes are the foundation of the city's financial structure. In a like manner, the various departments within the city are the backbone of city operations. The city's departments are groups of similar functions or programs that provide for efficient management. They also provide a framework for the budget that is conceptually easier to understand. Furthermore, the total appropriation for each department within a given fund is the legal spending limit specified by state law. The budget process starts with citywide issues but much of the work involves meeting with one department at a time, both with the administration and with the council. As a result, most of this book consists of departmental sections with the detail of the budget. Each department brings a draft of its section to the first budget hearing. That draft is reviewed and refined through each step of the process until it appears in its final adopted form in this book.

The schedule on page 19 illustrates the relationship between the city's financial structure and the functional units. The financial structure is shown with the major funds in separate columns and the functional units shown as departments in separate rows. Each department listed corresponds to a separate section of this budget book that provides detailed schedules and analysis. Also shown in the schedule is a breakdown of the major revenue sources by fund. The revenue and taxation section starting on page 21 provides further information on these revenue sources.

DESCRIPTION OF FUNDS

The Governmental Funds include those activities that comprise the city's basic services. They account for essentially the same functions reported as governmental activities in the government-wide financial statements. The major governmental funds are listed separately below and the non-major funds are consolidated:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Storm Water Fund accounts for the city's revenues and capital expenditures associated with drainage for storm water run off.

The Debt Service Funds are used to account for the accumulation of resources for payment of general long-term debt principal and interest and special assessment levies when the city is obligated in some manner for the payment. The city's debt service funds include the General Purposes Debt Service Fund, the Auto Mall Special Improvement District Fund, and the Special Improvement Guarantee Fund. Debt incurred by enterprise funds is not accounted for in the debt service funds but internally within the enterprise fund.

The Capital Projects Fund accounts for the resources used to acquire, construct, and improve major capital facilities, other than those financed by proprietary funds. The principal source of funding is contributions from developers restricted for capital construction, operating transfers from the General Fund, grants, and bond proceeds. All funds received for a particular purpose are restricted and used specifically for that purpose.

The Redevelopment Agency (RDA) Fund accounts for the RDA's revenues and expenditures associated with promoting new capital investment and job creation activities within the RDA areas.

Other Governmental Funds include the non-major funds which are the following: the Landscape Maintenance Fund, the Community Development Block Grant (CDBG), the Recreation Fund, the Community Events Fund, the Sandy Arts Guild, the Electric Utility Fund, and the Sandy City Donations Fund. Though combined for purposes of this schedule, additional information is available for each fund elsewhere in this book (see the table of contents).

The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the city on a cost reimbursement basis. The Internal Service Funds include the Fleet Fund, the Information Services Fund, the Risk Management Fund, the Equipment Management Fund, and the Payroll Management Fund.

The Enterprise Funds include those activities that operate similar to private businesses and charge fees to its users to adequately cover most or all of the costs. These functions are presented as business-type activities in the government-wide financial statements. The city reports the following enterprise funds:

The Alta Canyon Sports Center Fund accounts for the activities created by the Alta Canyon Recreation Special Service District.

The Water Fund is used to account for the operations of the city's water utility.

The Waste Fund accounts for waste collection services provided by an independent contractor.

The Golf Fund is used to account for the city's golf course.

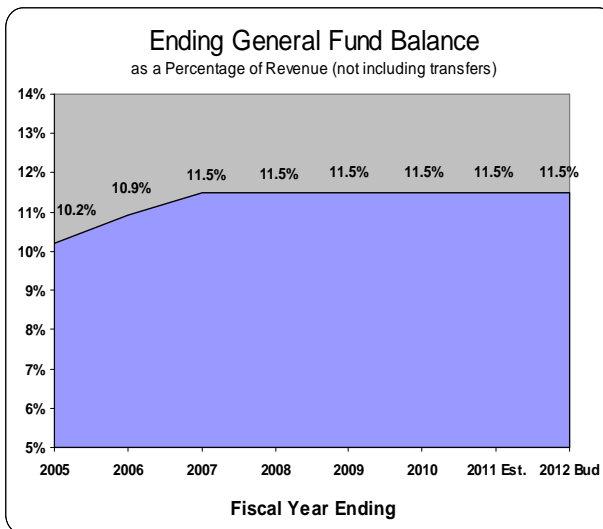
FUND BALANCE AND RESERVES

Utah state law allows cities to accumulate retained earnings or fund balances as appropriate in any fund (see U.C.A. 10-6-116). However, the law restricts balances in the general fund as follows: (1) Any fund balance less than 5% of estimated revenue may be used for working capital, certain emergency expenditures, or to cover an unexpected revenue shortfall that would result in a year-end excess of expenditures over revenues; (2) Fund balance greater than 5% but less than 18% may be used for budget purposes; and (3) Any fund balance in excess of 18% must be included in the appropriations of the next fiscal year.

Sandy City accumulates fund balances in its various funds for the following purposes:

- To avoid short-term debt that might be needed to provide working capital.
- To meet unexpected expenditures as the result of an emergency.
- To secure the city's debt and its bond rating.
- To accumulate funding for planned capital expenditures including the replacement of capital assets.
- To meet reserve requirements for liabilities already incurred but not yet paid as is the case with the Risk Management Fund.

All excess funds are invested consistent with the State Money Management Act. The resultant interest income is used as an additional revenue source in each fund. The schedule on page 19 summarizes the beginning and ending fund balances in the various funds of the city. The chart above shows the history of fund balance in the general fund. While fund balance in the general fund increased, the schedule on page 19 shows a decrease in fund balance of some other funds. With the exception of Debt Service and RDA funds, fund balances decrease primarily due to the way we budget for capital projects and equipment expenditures. For example, the \$228,030 deficit in Other Governmental Funds is due to surplus from the prior year being appropriated for current year capital expenditures, thus reducing fund balance.



With respect to the Capital Projects fund, normally the goal is for the ending fund balance to be near zero. However, this year we are keeping a higher fund balance (\$479,228) in case of further economic downturn.

The decrease in Debt Service fund balance results from using debt service reserves to pay for the final debt service payments for the Auto Mall and South Towne Ridge Special Improvement Districts. The beginning fund balance in RDA primarily consists of the estimated surplus in the redevelopment funds at the end of FY 2011. The surplus is appropriated in the FY 2012 budget to bring the fund balance to \$1,794,156 which will be used as a debt service reserve on the soccer stadium bonds.

BASIS OF BUDGETING

Basis of budgeting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of budgeting relates to the timing of the measurements made, regardless of the measurement focus applied.

The budgeting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are budgeted for on a spending or “current financial flow” measurement focus. This means that only current assets and current liabilities are generally recognized. “Current” for the Balance Sheet (assets/liabilities) measurement means that which will be received or paid within the next year. Non-Governmental Funds (Enterprise and Internal Service Funds) are budgeted for on a cost of services or “economic resources” measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Regardless of the measurement focus, depreciation is not budgeted.

All Governmental Fund budgets are based on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available and qualify as current assets. Taxes and special assessments are accrued as receivables if they are received within 60 days after the fiscal year end. Principal revenue sources susceptible to accrual include property taxes, sales taxes, franchise taxes, special assessments, and interest on investments. Furthermore, expenditures are recorded when current fund liabilities are incurred (i.e. capital acquisitions, bond issuance costs, etc. are expensed and they are not capitalized and depreciated or amortized over the life of the assets). Exceptions to this general rule include: (1) the long-term portion of accumulated unpaid vacation; and (2) principal and interest on general long-term debt which are recognized when due.

All Enterprise and Internal Service Fund budgets are based on the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when the related liability is incurred. The city applies all applicable Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds. Pronouncements of the Financial Accounting Standards Board (FASB) are applied if issued on or before November 30, 1989 and do not conflict with GASB pronouncements.

SANDY CITY APPROVED BUDGETS FOR MAJOR FUNDS - FY 2012

	Governmental Funds						Governmental Activities - Internal Service Funds	Enterprise Funds				Total*
	General Fund	Storm Water	Debt Service	Capital Projects	RDA	Other Governmental Funds		Alta Canyon Sports Ctr	Water	Waste Collection	Golf	
Financing Sources:												
Taxes & Special Assessments												
Property Tax	\$ 8,768,000	\$ -	\$ 305,000	\$ -	\$ -	\$ -	\$ 399,124	\$ 366,500	\$ -	\$ -	\$ -	\$ 9,838,624
Property Tax - Increment	-	-	-	-	6,026,952	-	-	-	-	-	-	6,026,952
Sales Tax	580,000	-	-	-	-	-	-	-	-	-	-	580,000
Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-
Motor Vehicle Fee	970,000	-	-	-	-	-	-	32,600	-	-	-	1,002,600
Other Taxes & Assessments	-	-	428,005	-	1,900,000	134	-	-	-	-	-	2,328,139
Licenses & Permits	102,900	-	-	-	-	-	-	-	-	-	-	102,900
Intergovernmental Revenue												
State Road Funds	2,775,400	-	-	-	-	-	-	-	-	-	-	2,775,400
Other Intergovernmental	380,320	-	572,240	-	-	414,290	-	-	-	-	-	1,366,850
Charges for Services	3,443,061	-	-	-	-	-	-	-	-	-	-	3,443,061
Fines & Forfeitures	136,000	-	-	-	-	-	-	-	-	-	-	136,000
Charges for Sales & Services	-	3,464,000	-	-	-	1,090,933	6,605,247	699,770	20,550,000	4,115,180	1,346,600	37,871,730
Miscellaneous Revenue	46,005,399	11,000	11,635	50,200	-	966,624	170,435	39,306	55,000	6,300	-	47,315,899
Fees from Developers	-	45,000	10,000	340,000	-	-	-	-	173,000	-	-	568,000
Transfers In From Other Funds	-	-	6,846,378	45,605	-	1,740,415	-	-	-	-	195,605	8,828,003
Total Financing Sources	63,161,080	3,520,000	8,173,258	435,805	7,926,952	4,212,396	7,174,806	1,138,176	20,778,000	4,121,480	1,542,205	122,184,158
Financing Uses:												
Administration	3,277,373	-	-	100,000	-	1,476,791	1,205,237	-	-	-	-	6,059,401
City Council	566,193	-	-	-	-	-	-	-	-	-	-	566,193
Attorney	1,156,631	-	-	-	-	-	-	-	-	-	-	1,156,631
City Court	1,335,293	-	-	-	-	-	-	-	-	-	-	1,335,293
Finance & Information Svcs	1,663,680	-	-	-	-	-	1,395,842	-	-	-	-	3,059,522
Police & Animal Control	12,927,592	-	-	-	-	-	-	-	-	-	-	12,927,592
Fire	7,371,979	-	-	25,500	-	-	-	-	-	-	-	7,397,479
Public Works	6,011,543	-	-	1,477,609	-	-	3,851,682	-	-	4,184,278	-	15,525,112
Parks & Recreation	3,859,040	-	-	377,500	-	1,040,824	-	1,195,035	-	-	1,508,405	7,980,804
Community Development	2,110,094	-	-	-	-	153,912	-	-	-	-	-	2,264,006
Public Utilities	-	2,145,908	-	-	-	944,021	-	-	20,778,000	-	-	23,867,929
Economic Development	-	-	-	-	4,021,407	-	-	-	-	-	-	4,021,407
Non-Departmental	1,363,577	-	8,466,666	10,000	-	612,500	802,580	-	-	-	-	11,255,323
Transfers Out to Other Funds	-	1,374,092	-	-	4,828,544	212,378	-	-	-	-	-	6,415,014
Total Financing Uses	41,642,995	3,520,000	8,466,666	1,990,609	8,849,951	4,440,426	7,255,341	1,195,035	20,778,000	4,184,278	1,508,405	103,831,706
Excess (Deficiency) of Financing Sources over Financing Uses	21,518,085	-	(293,408)	(1,554,804)	(922,999)	(228,030)	(80,535)	(56,859)	-	(62,798)	33,800	15,874,649
Fund Balance - Beginning	5,069,594	940,374	2,421,716	367,261	2,717,155	842,636	9,230,968	182,807	3,489,303	1,519,227	89,216	29,954,673
Fund Balance - Ending	\$ 26,587,679	\$ 940,374	\$ 2,128,308	\$ (1,187,543)	\$ 1,794,156	\$ 614,606	\$ 9,150,433	\$ 125,948	\$ 3,489,303	\$ 1,456,429	\$ 123,016	\$ 45,829,322

* This total is an aggregate of the fund structure of the city. Thus, the total listed here will be greater than the total on page 7 for reasons noted in Notes to Consolidated Budget Schedule on that same page.



REVENUE & TAXATION

Sandy City is funded through two categories of revenue: taxes and fees. Tax revenue is primarily used to pay for services provided to the public in general such as police, fire, streets, and parks. The city also provides services that benefit specific groups of citizens for which a specific fee is charged which is intended to pay for all or part of the costs incurred to provide that service. The city follows the revenue policies below:

REVENUE POLICIES

- Sandy City should estimate revenues conservatively to avoid unexpected deficits and to provide a funding source for capital project needs.
- Sandy City should minimize the use of one-time revenue to fund ongoing services.
- Sandy City should aggressively collect all revenues or taxes due.
- Sandy City should annually review user fees, impact fees, license and permit fees, and special assessments:
 - To determine that the full long-term service costs are not being subsidized by general revenues or passed on to future generations of taxpayers.
 - To determine the subsidy level of some fees.
 - To consider new fees.
- Sandy City should waive or defer fees only in accordance with the administrative appeal procedure under standards set by the City Council. The Finance Director has been designated as administrative appeal officer to review all revenue appeals. All fees waived or deferred must be documented and submitted to the City Treasurer. In addition, any fee determined to be uncollectible must be approved to be written off by the Finance Director.
- Sandy City should seek to maintain a stable tax rate. Generally, taxes should not be increased unless:
 - Inflation has clearly forced operating costs upward faster than tax growth.
 - New services are instituted to meet citizens' needs.

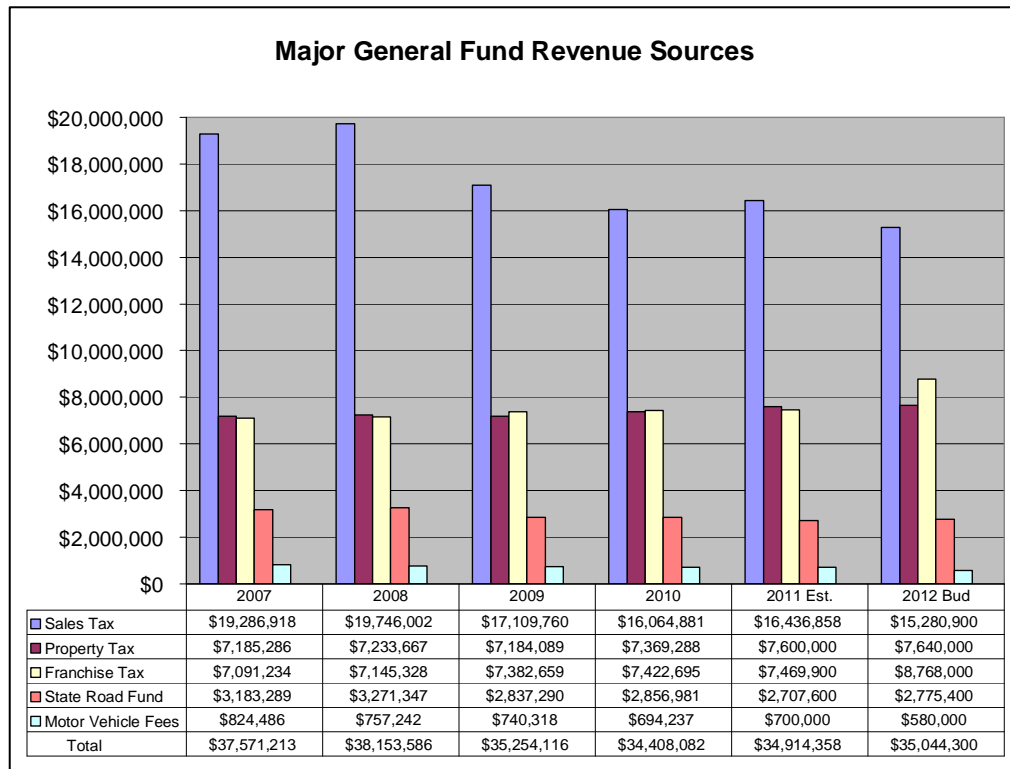
REVENUE ANALYSIS

User Fees – User fee revenue will be discussed in the section corresponding to the department that provides the service funded by the fee. User fees are based on an analysis of how much of the cost should be covered by the fee versus how much should be subsidized by general taxes and revenue. Factors considered in the analysis include:

- How the fees compare with those charged by other cities,
- Whether the service benefits the general public versus an individual user, and
- Whether the same service can be offered privately at a lower cost.

General Taxes & Revenue – The remainder of this section will provide information on the major tax revenue sources used to fund the city's general government services. Each source will have information on:

- How the tax is calculated,
- Significant trends,
- Underlying assumptions for the revenue estimates, and
- A look at how Sandy's taxes compare with similar jurisdictions.



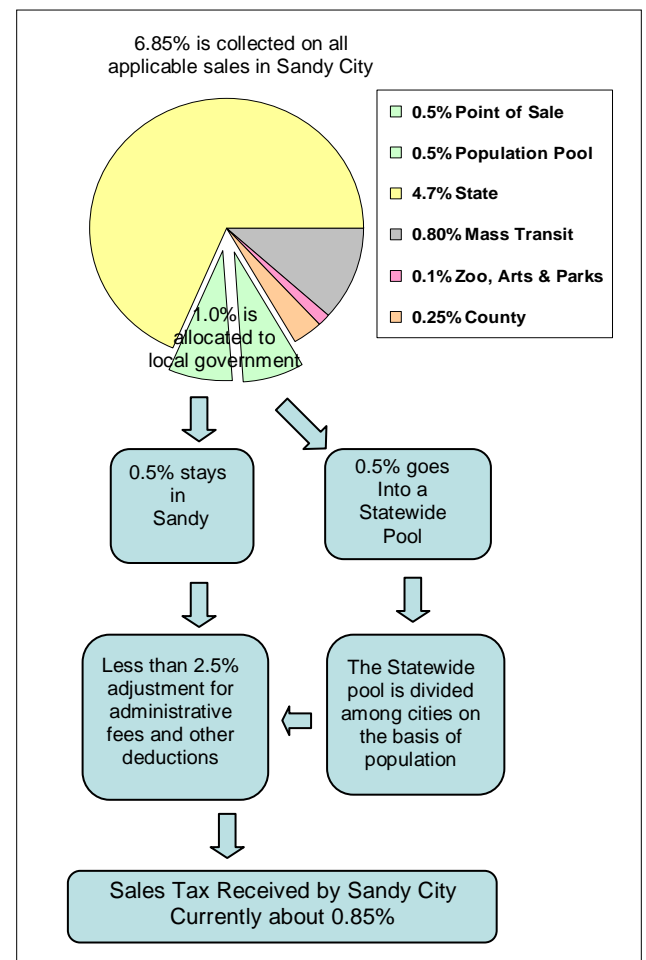
The above chart shows the six-year trend for those revenue sources classified as general taxes and revenue as well as the receipts for state road funds. In total, these five sources comprise nearly 77% of the general fund revenue. It is important to maintain balance among major revenue sources. Sales tax revenue fluctuates more with the economy than the other revenue sources. Because Sandy has been in a growth mode for the past 30 years, much of the fluctuation caused by the economy has been mitigated. As the city approaches maturity, balance among revenue sources will become even more important. The chart above shows that while franchise tax has increased in recent years, sales tax, property tax, state road funds, and motor vehicle fees have remained relatively stable or have declined. The reasons for these shifts are outlined in the sections that follow.

SALES TAX

Sales tax is Sandy City's largest revenue source contributing more than 33% of general fund revenue. State law authorizes cities to receive sales tax revenue based on the process described in the chart shown here. Sales tax revenue is forecasted by the finance department using a qualitative method which makes assumptions about each of the relevant factors in this distribution model. Trends in each of the relevant factors were analyzed as follows:

State Law – No changes in the rates specified in state law are anticipated.

Population Data – Changes in population data can have a significant impact on sales tax revenue. The 2010 census shows a significant decrease to Sandy's population. As a result, the State Tax Commission has updated population estimates for distributing sales tax revenue. Sandy will now



get a smaller slice of the pie. Thus, even though statewide sales and Sandy City sales are estimated to increase, as explained below, the total sales tax receipts are estimated to decrease by 0.71%.

Statewide Sales – With half of the sales tax revenue coming from the statewide pool, the amount of statewide sales is a major factor in the estimate. During the last recession, statewide sales showed little growth or a decline in FY 2002 and FY 2003 but began to turn around midway through FY 2004. In the current recession, statewide sales have shown more significant declines (for example, 15% decline in September of 2009) over a longer period. Although the statewide sales are expected to improve, due to the volatility and unprecedented nature of the current economic slowdown, the FY 2012 forecast reflects a conservative approach. Therefore, the overall growth estimate is 1.73%.

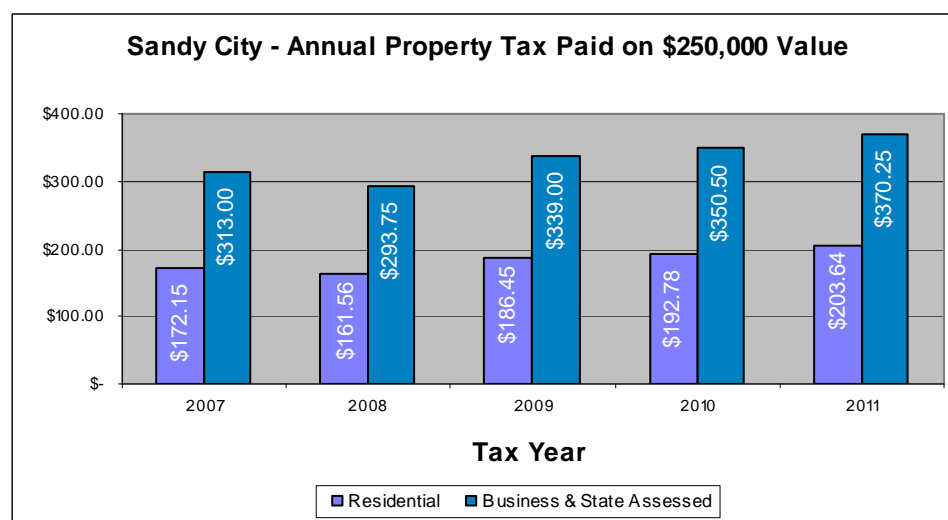
Sandy City Sales – With the other half of sales tax revenue deriving directly from sales made in Sandy, it is important to project separately the growth in retail sales made in Sandy. Sandy sales have generally grown at a faster rate than statewide sales, but as was the case with population growth, that trend was reversed in FY 2004. However, the FY 2011 forecast for Sandy sales reflects growth similar to the expected statewide trend. Therefore, the overall growth estimate is 1.15%.

PROPERTY TAX

Property tax is Sandy City's third largest source of tax revenue accounting for just over 17% of general fund revenue.

The following chart shows historical tax rates for the city and how they relate to an average \$250,000 property. Residential properties are taxed at 55% of the value, while business and state assessed properties are taxed at 100% of the value.

	Tax Year 2007	Tax Year 2008	Tax Year 2009	Tax Year 2010	Tax Year 2011
Tax Rate:					
General Fund	0.001142	0.001072	0.001237	0.001332	0.001407
Debt Service Fund	0.000047	0.000044	0.000051	0.000000	0.000000
Risk Management Fund	0.000063	0.000059	0.000068	0.000070	0.000074
Total Tax Rate	0.001252	0.001175	0.001356	0.001402	0.001481
Property Tax on \$250,000 Home	\$ 172.15	\$ 161.56	\$ 186.45	\$ 192.78	\$ 203.64
Business or State Assessed Property	\$ 313.00	\$ 293.75	\$ 339.00	\$ 350.50	\$ 370.25

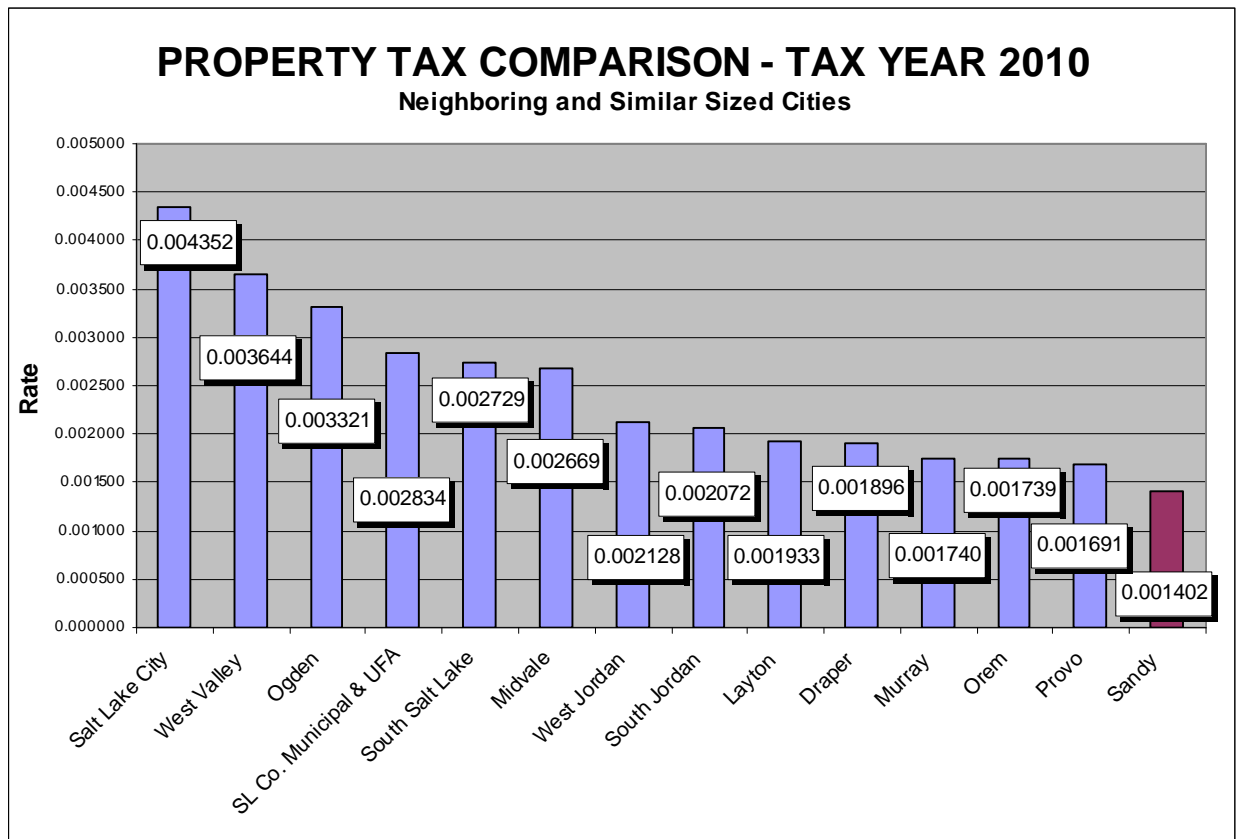


It should be noted that the Alta Canyon Sports Center, which is managed and operated by Sandy City, also levies a property tax. By virtue of Alta Canyon’s status as a special district, this tax is separate from the Sandy City property tax.

Truth in Taxation – In order to understand property tax in Utah it is necessary to understand a section of Utah Law known as “Truth in Taxation.” The county is responsible for administering property taxes and each June it submits to the cities a certified tax rate that would generate the same amount of revenue as the previous year plus any new growth. The certified tax rate does not provide for additional tax revenue due to increased valuation of existing property. If the city chooses to adopt a tax rate higher than the certified rate, state law has very specific requirements for newspaper advertisements and public hearings from which the name “Truth in Taxation” is derived.

Revenue Projections – The relevant factors in the preliminary property tax forecast include the tax rate and new growth. According to state statute, the adopted tax rate and budgeted revenue is provided by the Salt Lake County Auditor’s Office in June.

Property Tax Rate – Sandy City’s property tax rate is modest when compared to its neighboring cities and similar sized cities in Utah as illustrated in the chart below. The FY 2012 budget does not include an increase in the tax rate.



New Growth – New growth is initially estimated using a trend analysis and using a report of new construction generated by the city’s Building Division. Since the growth number used in the final budget must be the county’s number, adjustments are made as needed.

FRANCHISE TAX

Franchise Taxes are the second largest source of General Fund Revenue generating 19% of general fund revenue. State law authorizes cities to collect up to 6% on utilities operating within city boundaries. The relevant factors in forecasting franchise fee revenue are as follows:

Tax Rate – Sandy City charges a 6% franchise tax to the electric, natural gas, and water utilities. The water utilities franchise tax has been newly added to the Sandy City water utility. In addition, the City charges 5% for cable television and 3.5% for telecommunication services (set by state law).

Utility Rate – Changes in utility rates affect the revenue collected by the utility and therefore the amount of tax remitted to the city. Utility rates are regulated by the Public Service Commission. It has not been uncommon to experience rate decreases as well as increases. Any announced rate changes are factored into the revenue projections; however, the projections for FY 2012 include normal growth.

Usage – Utility revenue is sensitive to changes in usage. The electric and natural gas utilities can be affected in particular by the weather. The projections take weather variations into account and assume a normal weather pattern. The size of households also has some affect on utility usage. The average household size in Sandy has decreased in recent years, which has resulted in reduced usage.

MOTOR VEHICLE FEES

Motor vehicle fees account for 1.3% of general fund revenue. The fee is a personal property tax for passenger cars and light trucks. It is a uniform fee based on the age of the vehicle. The fee is applicable to passenger cars, light trucks (including sport utility vehicles), and vans. These fees are due at the time of registration, even on new vehicles and vehicles that are registered more than once during a given year. The fees are as outlined in the table.

The fees collected are transmitted to the county where they are distributed to the taxing jurisdictions in proportion with the property tax revenue. As a result, the distribution is affected by changes in tax rates and growth in other jurisdictions. Other county jurisdictions have increased property taxes while Sandy has not. The result is that Sandy has received a smaller portion of the available motor vehicle fees. A qualitative method is used to project revenue based on past trends.

Age of Vehicle	Equivalent Tax
Less than 3 years	\$150
3 or more years but less than 6 years	\$110
6 or more years but less than 9 years	\$80
9 or more years but less than 12 years	\$50
12 or more years	\$10

Source: Utah Department of Motor Vehicles Website

STATE ROAD FUNDS

State Road Funds generate 6 % of general fund revenue. This revenue source is the city's share of the B & C Road Fund administered by the Utah Department of Transportation with the primary source being the \$0.245 per gallon tax levied on motor fuel. Sandy City receives its allocation through a formula weighted 50% on the city's proportion of the state's population and 50% on the city's proportion of the state's road miles. Because both Sandy's population and road miles are not growing at the same rate as those of the state, the city's projected state road funds revenue should decrease over time. Furthermore, the impact of the 2010 population decrease will further reduce the city's proportion of road fund distributions.

The chart below illustrates that the money received from the state road fund is sufficient to cover about 25% of the road-related costs. In fact, the streets budget alone is more than the revenue received from state road funds.

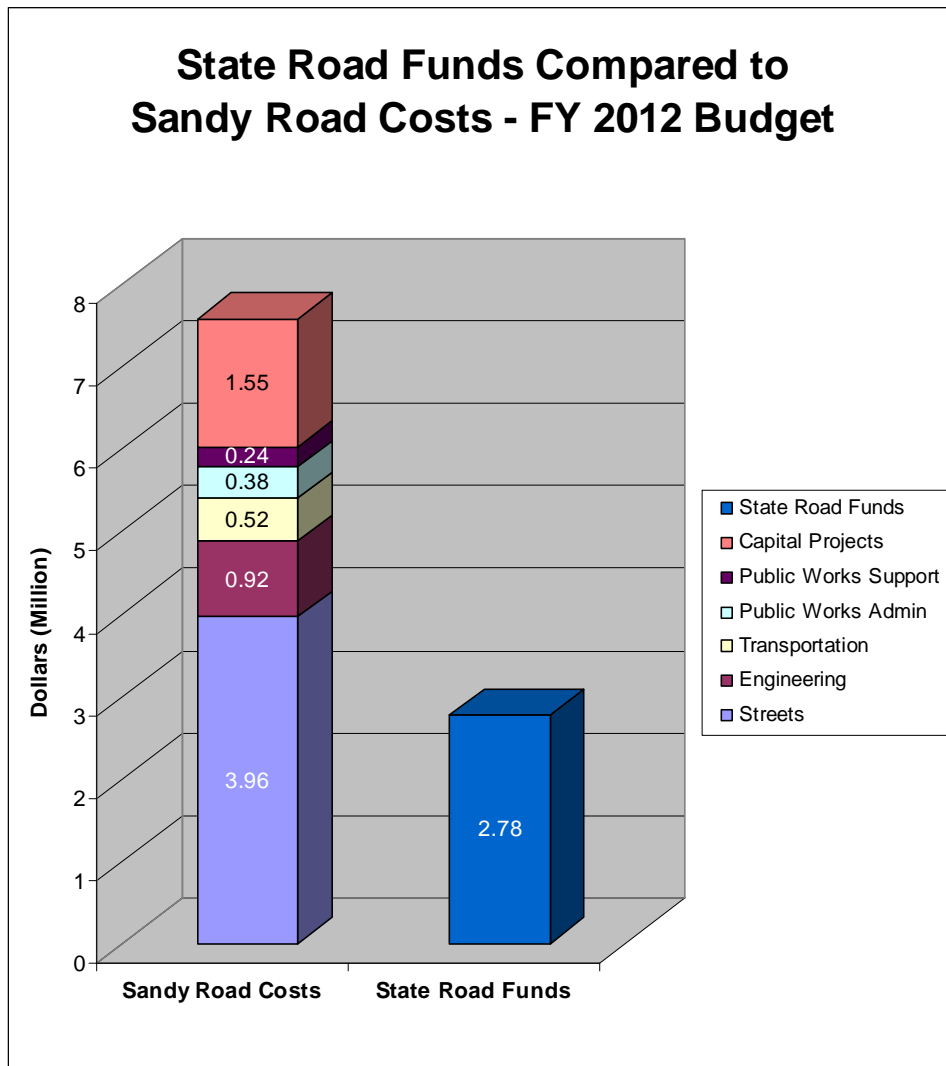
Though generated primarily through taxes, state road funds are limited in use and therefore not classified, for purposes of this budget book, among general taxes and revenue. However, it is a significant enough revenue source to merit further explanation here.

A qualitative method is used to forecast State Road Funds based on trends for each of the following factors used in the formula: population, road miles, and available road funds.

Population – As discussed earlier in the sales tax section, the FY 2012 estimate accounts for a decrease in Sandy’s population (mainly due to the 2010 census) as a percent of the statewide population. Sandy’s population has been growing slower than the state as a whole since the 2000 census even though it had grown more rapidly than the state for many years previously. This trend is the result of a demographic shift to smaller household sizes and to the greatly diminished amount of land that can still be developed.

Road Miles – Also attributable to the slowing in development relative to the rest of the state, the city’s proportion of road miles is in slow decline. The forecast reflects this trend.

Available B&C Road Funds – Gas tax revenue is based on consumption rather than the price of fuel. In reality, an increase in fuel prices can result in lower consumption. In addition, economic downturns have also lowered consumption. The assumption for decrease in available B & C Road funds, based on the aforementioned factors, is 2.7% below FY 2011 estimates.



DEBT

Sandy City uses debt judiciously consistent with the policies listed below. The city currently enjoys an AA+ bond rating from Standard and Poor's for sales tax revenue bonds. This rating allows the city to issue bonds at a lower rate than governmental agencies with a less favorable bond rating. Only 3% of cities nationwide receive the AA+ rating. The FY 2012 budget includes \$8.1 million of debt service payments. As of June 30, 2012, the outstanding debt will be about \$71.7 million. The schedule below includes the general debt of the city as pertaining to the governmental funds. Debt incurred by the proprietary funds is included in the departmental sections. Currently the Water and Golf funds have outstanding debt issues.

DEBT POLICIES

- Sandy City should combine pay-as-you-go strategies with long-term financing to keep the debt burden low.
- Sandy City should seek to maintain or improve the city bond rating, currently "AA+."
- Sandy City should seek the most practical and cost efficient financing available.

OUTSTANDING GENERAL DEBT ISSUES

	Funding Source	Matures In:	Debt Service - FY 2012			Outstanding (6/30/12)
			Principal	Interest	Total	
3102 City Hall GO Bonds	Property Tax General Fund	FY 2012	380,000	7,600	387,600	-
3104 Sr. Citizens Section 108 Loan	CDBG Fund	FY 2016	175,000	37,128	212,128	835,000
31016 2007 Road Bonds	RDA	FY 2017	785,000	237,150	1,022,150	4,450,000
31011 2002 Storm Water	Storm Water Fund	FY 2017	710,000	163,947	873,947	4,246,242
31017 2008 Soccer Stadium Bonds	Transient Room Tax	FY 2018	350,000	509,652	859,652	10,355,000
3106 Innkeeper Bonds	Innkeeper Fees	FY 2020	420,539	225,083	645,622	4,631,847
3109 Park Projects Bonds	RDA - South Towne	FY 2020	529,461	283,380	812,840	5,278,153
31013 Court Building Bonds	Police Impact Fees General Fund	FY 2024	175,000	124,368	299,368	2,805,000
31015 2007 Soccer Stadium Bonds	Transient Room Tax	FY 2028	755,000	1,608,570	2,363,570	32,585,000
31011 2009 Storm Water	Storm Water Fund	FY 2030	280,000	330,685	610,685	6,580,000
Total			\$ 4,560,000	\$ 3,527,562	\$ 8,087,562	\$ 71,766,242

A description of each of the city's debt issues follows:

Fund 3102 – City Hall Bonds – On September 27, 2005, the city issued \$3,650,000 in General Obligation Refunding Bonds. This issue is formally referred to as the 2005 General Obligation and Refunding Bonds. These funds were used for the purpose of refunding the 1995 General Obligation and Refunding Bonds which in turn refunded the 1991 Public Building and Refunding Bonds. The city has used general revenue and property tax as the primary funding source, which is more than sufficient for both the principal and interest.

Fund 3104 – Section 108 Loan – On June 6, 1996, the city issued a \$2,515,000 note, guaranteed by the Secretary of Housing and Urban Development (HUD). This note was acquired for payment of the Senior Citizen Center located within city boundaries at 9310 South 1300 East.

Fund 3106 – Innkeeper Bonds – On December 1, 1998, the Municipal Building Authority (MBA) issued \$7,840,000 in Lease Revenue Bonds. This issue is formally referred to as the 1998C MBA Lease Revenue and Refunding Bonds. These funds were used to finance the construction of the amphitheater and Lone Peak Park as well as to refund the 1998B Lease Revenue Bonds. The city's intent is to use a county grant and the innkeeper tax as the primary funding source. The MBA makes the debt service payments from the proceeds of a master lease with Sandy City. On November 1, 2004, this issue was refunded with the Series 2004 Sales Tax Revenue and Refunding Bonds.

Fund 3109 – Parks Projects Bonds – On December 7, 1999, the MBA issued \$9,780,000 in Lease Revenue Bonds. This issue is formally referred to as the 1999 MBA Lease Revenue Bonds. These funds were used to purchase and improve 53 acres of land for use by the city as a park and also for improvements to Lone Peak Park. A grant was also received for approximately \$2,000,000 to aid in the purchase of the land. The MBA makes the debt service payments from the proceeds of a master lease with Sandy City. The lease payments are currently paid by the South Towne Redevelopment Agency through the “haircut” provision that allows RDA money to be used for these purposes. In 1999, the law was changed to allow RDA funds to be used for parks projects that are part of a master plan. On November 1, 2004, this issue was refunded with the Series 2004 Sales Tax Revenue and Refunding Bonds.

Fund 31011 – Storm Water Drainage Bonds – On February 15, 2002, the city issued \$10,180,000 in Sales Tax Revenue Bonds. This issue is formally referred to as the 2002 Sales Tax Revenue Bonds. These funds were issued to finance the costs associated with acquiring, constructing, and equipping certain storm drain improvements and bond issuance costs. The city’s intent is to repay the bonds with the storm water fees charged on the utility bill and use the sales and use tax as the pledge for this issue. On December 2, 2009, the city issued an additional \$7,140,000 in Sales Tax Revenue Bonds for storm drain improvements. On March 23, 2010, the city partially refunded the Series 2002 Storm Water & Golf Course Revenue Bonds.

Fund 31013 – Justice Court Building Bonds – On August 15, 2003, the city issued \$7,225,000 in Sales Tax Revenue Bonds. This issue is formally referred to as the 2003 Sales Tax Revenue and Refunding Bonds. The funds were used to finance the acquisition of a justice court building and to refund the 1996 Motor Fuel Excise Tax Revenue Bonds. The pledge for this issue is the sales and use tax which is collected by the Utah State Tax Commission and distributed monthly to the city, as provided by law.

Fund 31015 – 2007 Soccer Stadium Bonds – On August 23, 2007, the Redevelopment Agency of Sandy City issued \$35,000,000 in Transient Room Tax Revenue Bonds. These issues are formally referred to as the Series 2007A Transient Room Tax Revenue Bonds, and the Series 2007B Subordinate Transient Room Tax and Annual Contribution Revenue Bonds. These funds were used to acquire 22 acres of land, finance infrastructure improvements, and pay for city permits, fees, reimbursements, and bond issuance costs associated with the Salt Lake ReAL soccer stadium. The majority, if not all, of the bond payments will be funded through a county-wide transient room tax (TRT) levied on hotels within Salt Lake County.

Fund 31016 – 2007 Road Bonds – On November 9, 2007, the city issued \$6,360,000 in Motor Fuel Excise Tax Revenue Bonds. This issue is formally referred to as the Series 2007 Motor Fuel Excise Tax Revenue Bonds. The funds were used to finance the acquisition, construction, and improvement of roads. The pledge for this issue is the Class C Road Funds which consist primarily of certain motor fuel and excise taxes levied and collected by the State of Utah and apportioned to the city pursuant to applicable Utah law.

Fund 31017 – 2008 Soccer Stadium Bonds – On August 4, 2008, The Redevelopment Agency of Sandy City issued \$11,040,000 in Community Development Tax Increment and Revenue Bonds. This issue is formally referred to as the Series 2008 Community Development Tax Increment and Revenue Bonds (9400 South Community Development Project Area). The funds were used to finance a portion of the land acquisition and construction of infrastructure, parking, landscaping and related improvements in connection with the Salt Lake ReAL soccer stadium. They were also used for a debt service reserve deposit, and to pay issuance costs. The city has pledged 100 percent of the city’s property tax increment with respect to the 9400 South Community Development Project Area to pay the bonds.

COMPUTATION OF LEGAL DEBT MARGIN - JUNE 30, 2010

Assessed Valuation:	
Primary Residential	\$ 4,121,680,640
All Other	<u>2,394,152,693</u>
Total Assessed Valuation	<u><u>\$ 6,515,833,333</u></u>
Reasonable Fair Cash Value	<u><u>\$ 10,029,836,144</u></u>

	GENERAL - 4%	WATER AND SEWER - 4%	TOTAL - 8%
Debt Limit -			
8% of Reasonable Fair Cash Value (1)	\$ 401,193,446	\$ 401,193,446	\$ 802,386,892
Less Outstanding General Obligation Bonds	1,090,000	-	1,090,000
Debt Margin	<u><u>\$ 400,103,446</u></u>	<u><u>\$ 401,193,446</u></u>	<u><u>\$ 801,296,892</u></u>

Notes:

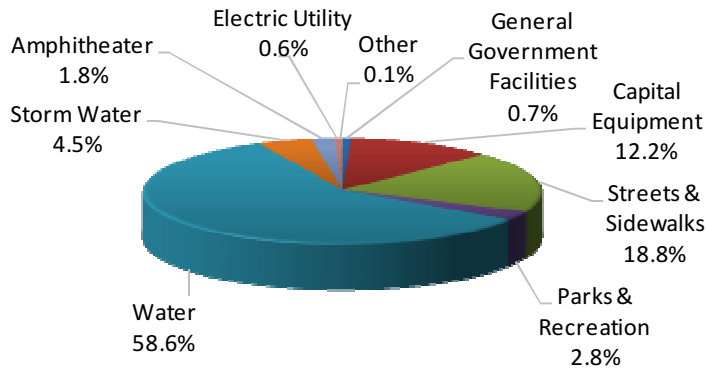
- (1) The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 8% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 4% and any unused portion of the 4% available for general purposes up to the maximum 8% may be utilized for water and/or sewer purposes.

Source: Salt Lake County Auditor's Office

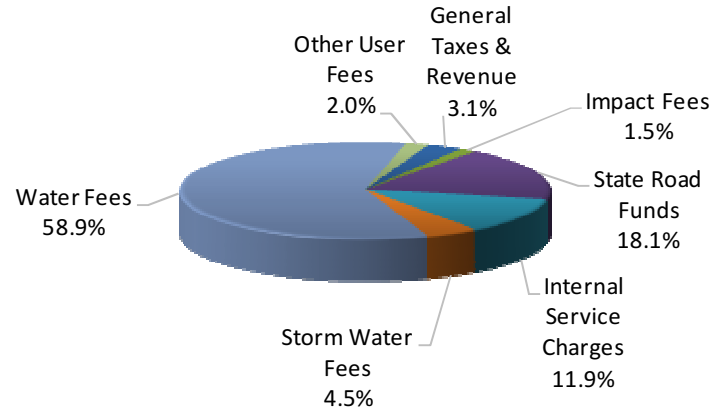
CAPITAL BUDGET

The FY 2012 budget includes \$14.5 million for capital expenditures. A summary schedule of the capital budget can be found on pages 34-35. The charts below summarize the various funding sources and uses of the capital budget.

Funding Uses - \$14,512,424



Funding Sources - \$14,512,424



FUNDING SOURCES

Funding for capital projects comes from various sources as noted in the chart above. A description of each of the various funding sources and the city's philosophy of funding capital projects is discussed below:

- **General Taxes & Revenue** – Each year, the general fund budget includes a predetermined increase to fund balance which is the excess of financing sources over financing uses listed in the schedule on page 8. Any additional excess is transferred to the capital projects fund at the end of the year and becomes the primary source of general taxes and revenue funding for the upcoming year. Most of the excess results from conservative revenue estimates as prescribed by the first revenue policy on page 21. The conservative revenue estimates also provide for better stability for the operating budget. If significant revenue surpluses do not occur (such is the situation with the current economic downturn), there is less money available for capital projects. However, in any given year, more capital projects are funded than can be completed in the next fiscal year which minimizes the impact.
- **Impact Fees** – Utah law allows municipalities to charge impact fees as a condition of development. Proceeds from these fees can only be used for capital facilities resulting from the impact of new development. Sandy charges impact fees to pay for the capital expansion associated with parks, trails, police, fire, storm drains, and water.
- **Grants** – Some capital funding comes from grants made available from the federal, state, or county governments. In addition grant funding may come at any time which will be adjusted midyear when actual amounts are known.
- **State Road Funds** – The current practice is to use 38.75% of the money received from the gasoline tax for capital projects or for debt service associated with bonding for capital projects. State Road Funding is further explained on pages 25-26.
- **Internal Service Charges** – The city's internal service funds charge other departments for services related to computers, fleet, and risk management. The current practice is to provide consistent ongoing funding for fleet replacements. The information services charge includes an amount sufficient to fund a capital plan that is further explained below.

- **User Fees** – User fees pay for services including water, storm drain, recreation, and golf. The fees are set at a level which provides ongoing funding for capital projects related to these services. For example, the City Council has specified that \$3.42 of the \$5.70 storm water fee go towards capital projects.

CAPITAL POLICIES

By policy, a capital expenditure is for an asset that is tangible in nature with a useful life of more than two years. Additionally, a capital expenditure must meet the following capitalization thresholds:

Asset Category	Capitalization Threshold (in \$)	Useful Life (in years)
Land	0	N/A
Buildings	15,500	40
Improvements Other Than Buildings	15,000	20
Utility Plant in Service	15,500	25-33
Office Furniture and Equipment	7,500	5-10
Machinery and Equipment	7,500	5-10
Automobiles and Trucks	7,500	5-15
Infrastructure and Capital Improvements	15,000	5-40

Expenditures that do not meet the above thresholds are budgeted in the operating budget as equipment, improvements, or supplies.

IMPACT ON THE OPERATING BUDGET

Capital projects are categorized as replacement or expansion projects. Replacement projects are routine in nature and involve the replacement or upkeep of existing assets. Ongoing commitment to replacement projects is important to the vitality and stability of the city. Expansion projects add to the asset base of the city and often result from policy decisions. Expansion projects also may have an impact on the operating budget either in terms of additional personnel, maintenance, utility, or other costs, or potentially in terms of additional revenue or operating savings. The departmental sections of this book divide capital projects into these two categories and provide information on the above issues in the narratives. Also included is more detailed information including a budget breakdown by project, budgeted expenditures for the prior year, and a three-year plan for future expenditures.

Typically, this section includes a summary of capital projects with significant operating impacts. This would include any project that will result in the need for additional staff or any ongoing increase or decrease in the operating budget greater than \$10,000 per year. However, due to the recent economic downturn, there are no upcoming capital projects that meet these criteria. As a matter of policy, any projects that would require additional operating costs have been put on hold. As these types of projects become a more realistic option in future years, quantified operating impacts will be included in the planning of these projects.

THE CAPITAL PLANNING PROCESS

The City Council provides oversight for the capital budget. Council members review and adopt the budget in this book. Additionally, they review and approve the carryover of any unexpended funds in the prior year's budget. They also approve by resolution any budget adjustment at the project level during the year for all capital projects in governmental funds. The City Council also reviews and approves all master plans. The following is a summary of the planning processes that influence the capital budget.

Plan	Origin of the Plan	Elements of the Plan
Mayor and Council Planning Goals	The Mayor and Council annually hold a planning session. See pages 10-13 for more information.	The annual goals set by the Mayor and Council set the priority for the city budget. Their planning session uses input from the citizen survey, staff recommendations, and the planning documents listed below.
Budget Three-Year Capital Plan	See the individual department sections of this budget document.	As part of the annual budget process, and with input from all of the other planning processes, a three-year funding plan is incorporated into the budget document. The plan is based on a three-year estimate of revenue.
Water Master Plan	Originally adopted in 2000 and updated in 2003 and 2010.	Highlights of the plan components include: <ul style="list-style-type: none"> • increase peak daily production capacity to 89.6 mgd by 2030, • increase the storage capacity to 40.9 million gallons by 2015, • better flows for fire suppression in key areas, and • rate recommendations for funding.
Storm Water Master Plan	Last updated in 2009	With the objective to prevent flooding for storms less severe than a 10 year, 3 hour event, the plan does the following: <ul style="list-style-type: none"> • identifies 20 projects totaling \$34.5 million, • prioritizes projects on the basis of several factors: <ul style="list-style-type: none"> ○ existing flooding problems, ○ project phasing, ○ concurrent construction, and ○ alternate funding sources, • implements a storm water fee to generate ongoing funding.
Transportation Master Plan	Last updated in February 2010.	Highlights of the plan include: <ul style="list-style-type: none"> • projected growth by analyzing existing traffic volumes, • recommended short-, medium-, and long-term projects, • recommended work needed on an annual basis.
Parks Master Plan	Last updated in August 2004; original plan completed in 1996.	Citizen survey identified 3 priorities: <ul style="list-style-type: none"> • remodel, refurbish, and update current parks and facilities, • expand the trail system, and • acquire land for neighborhood and community parks.
Sandy Corners Master Plan	Community Development Department with Mayor & Council approval	Sandy Corners is a commercial/retail area located at 9400 South and 700 East. The stated goal of this plan is to: <ul style="list-style-type: none"> • create a walkable environment and efficient traffic flow, • establish transit connections, and • promote economically viable businesses. This plan will not have a budget impact until future years.
South Towne Promenade Master Plan	Community Development Department with Mayor & Council approval	The South Towne Promenade is a wide street park connecting the South Towne Mall and Sandy City Hall. The plan includes these items: <ul style="list-style-type: none"> • additional trees and landscape features, • walkways and pedestrian lighting, and • a wetland interpretive and education center.
Pavement Management Plan	The Public Works Department maintains and perpetually updates a pavement management database.	The policy is to: <ul style="list-style-type: none"> • maintain at least 80% of roads in good or better condition, and • have no more than 10% in substandard condition.

Plan	Origin of the Plan	Elements of the Plan
Information Services Capital Plan	This plan is generated by the IS division and reviewed by the IS Steering Committee; pp. 102-103 include the next three years of planned replacements.	This plan calculates a charge to city departments sufficient to replace the main network, core software systems, and the telephone system. Assumptions used in the analysis include: <ul style="list-style-type: none"> • an inventory of all equipment, • the estimated useful life and projected replacement date, and the replacement cost.
City Facilities Capital Plan	This plan is generated by the Building Maintenance Division; funding is included in project 1201 - Municipal Building (see page 51).	This plan calculates: <ul style="list-style-type: none"> • an inventory of all major systems in city buildings, • the estimated useful life or maintenance schedule, and • the related costs.



CAPITAL BUDGET - Summary by Department and Fund - FY 2012

Department/Project	Funding Sources							Total
	General Taxes & Revenue	Impact Fees	State Road Funds	Internal Service Charges	Storm Water Fees	Water Fees	Other User Fees	
General Government Facilities								\$ 100,000
1201 - Municipal Building (see pg. 51)	100,000	-	-	-	-	-	-	100,000
Capital Equipment								1,764,605
Information Services (see pgs. 104-105)								
64001 - General Equipment	-	-	-	52,200	-	-	-	52,200
64003 - Citywide GIS	-	-	-	32,000	-	-	-	32,000
64025 - Wireless Network Radios	-	-	-	13,500	-	-	-	13,500
64914 - Thin Client	-	-	-	9,900	-	-	-	9,900
Fleet Purchases (see pg. 147)	-	-	-	1,501,900	-	-	-	1,501,900
Fleet - Capital Equipment (see pg. 146)	-	-	-	35,000	-	-	-	35,000
Fire - Capital Equipment (see pg. 124)	-	-	-	21,000	-	-	-	21,000
Recreation - Capital Equipment (see pg. 167)	-	-	-	11,000	-	-	-	11,000
Golf - Capital Equipment (see pg. 182)	-	-	-	45,605	-	-	-	45,605
Water - Capital Equipment (see pg. 213)	-	-	-	-	-	42,500	-	42,500
Sandy Amphitheater								262,000
Capital Improvements (see pg. 64)			-	-	-	-	262,000	262,000
Streets & Sidewalks (see pgs. 137-141)								2,733,203
13164 - Light Rail Trail Signalized Pedestrian Crossings	-	-	125,000	-	-	-	-	125,000
13186 - Vista Way Improvements	-	-	26,500	-	-	-	-	26,500
13187 - 11000 South Improvements	-	-	136,000	-	-	-	-	136,000
13821 - Street Reconstruction	-	-	1,914,594	-	-	-	-	1,914,594
13822 - Hazardous Concrete Repair	-	-	431,109	-	-	-	-	431,109
19001 - Subdivision Bonds	100,000	-	-	-	-	-	-	100,000
Parks & Recreation (see pgs. 160-161)								403,900
13029 - Streetscapes / Wall Replacements	30,000	-	-	-	-	-	-	30,000
14034 - Lone Peak - 700 East expansion	-	160,500	-	-	-	-	-	160,500
14065 - Jordan River Trail	-	16,000	-	-	-	-	-	16,000
14069 - Workout Stations	-	40,000	-	-	-	-	-	40,000
14801 - Crescent Park Fence	-	-	-	-	-	-	15,000	15,000
14802 - Alta Canyon Park	11,000	-	-	-	-	-	-	11,000
14836 - Tennis Court Reconstruction	120,000	-	-	-	-	-	-	120,000
Golf - Capital Equipment (see pg. 182)	-	-	-	-	-	-	11,400	11,400

CAPITAL BUDGET - Summary by Department and Fund - FY 2012

Department/Project	Funding Sources							Total
	General Taxes & Revenue	Impact Fees	State Road Funds	Internal Service Charges	Storm Water Fees	Water Fees	Other User Fees	
Water (see pgs. 214-216)								8,500,558
51063 - Metro Capital Assessment	-	-	-	-	-	4,210,322	-	4,210,322
51096 - 10600 S -- 700 East to 1300 East 20" Line	-	-	-	-	-	1,000,000	-	1,000,000
51097 - Pepperwood Pressure Modifications	-	-	-	-	-	444,000	-	444,000
51810 - Replace Meters	-	-	-	-	-	800,000	-	800,000
51811 - Replace Mainlines	-	-	-	-	-	400,000	-	400,000
51825 - Replace Pepperwood Tank	-	-	-	-	-	636,828	-	636,828
59001 - Public Utilities Operations Building	-	-	-	-	-	62,000	-	62,000
Water - Capitalized Labor and Material & Supplies	-	-	-	-	-	947,408	-	947,408
Storm Water (see pg. 221)								654,956
55076 - SE Quadrant Storm Drain Project Phase I	-	-	-	-	99,506	-	-	99,506
55801 - Raise Storm Drain Manholes	-	-	-	-	30,000	-	-	30,000
55802 - Neighborhood Projects	-	-	-	-	160,000	-	-	160,000
55804 - Retention Pond Modifications	-	-	-	-	40,000	-	-	40,000
Storm Water - Capitalized Labor and Material & Supplies	-	-	-	-	325,450	-	-	325,450
Electric Utility (see pg. 224)								83,202
53003 Street Lighting Improvements	83,202	-	-	-	-	-	-	83,202
Non-Departmental (see pg. 239)								10,000
19005 - Special Projects	10,000	-	-	-	-	-	-	10,000
Total Capital Projects	\$ 454,202	\$ 216,500	\$ 2,633,203	\$ 1,722,105	\$ 654,956	\$ 8,543,058	\$ 288,400	\$ 14,512,424

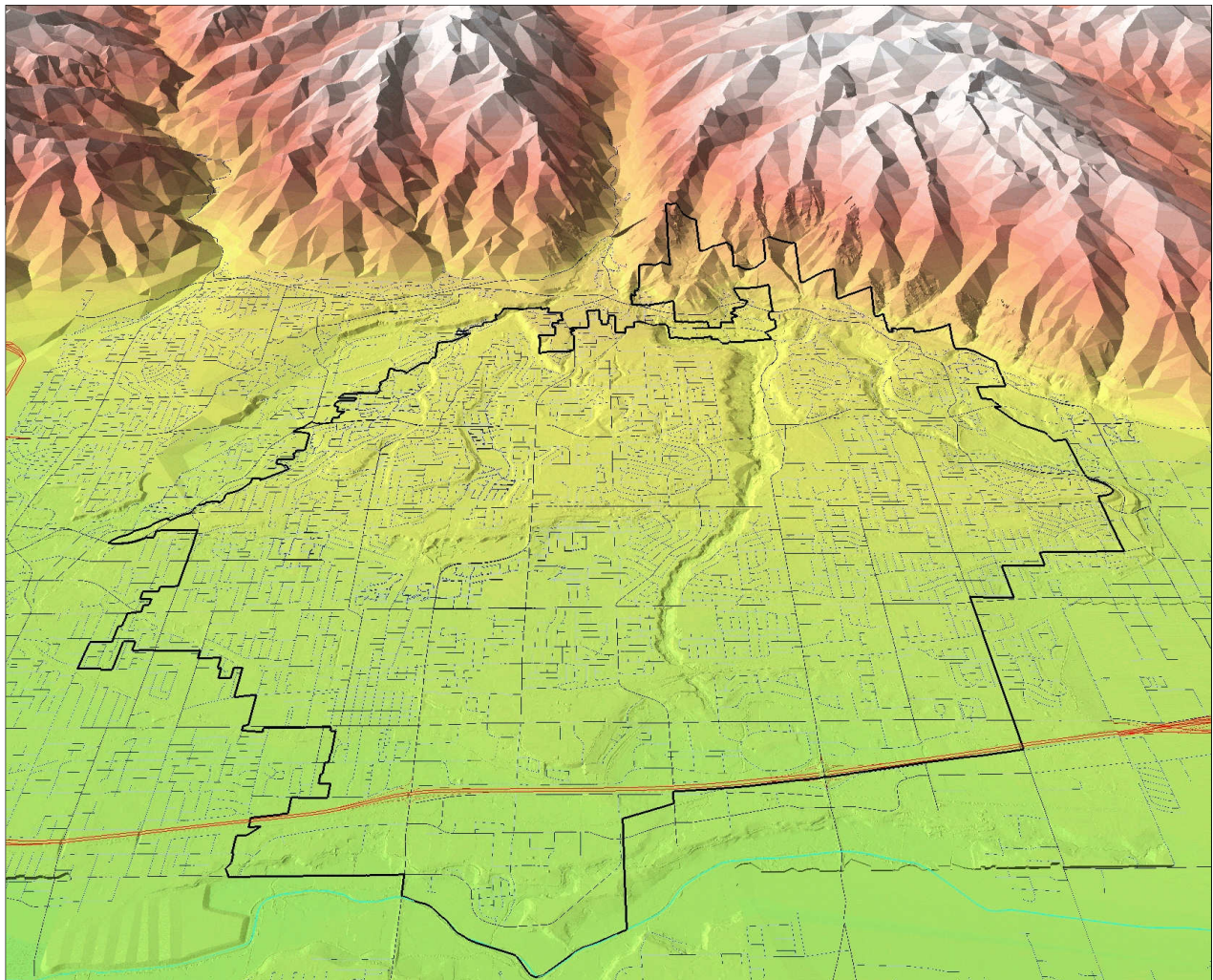
COMMUNITY PROFILE

Sandy City is Utah's sixth largest city. The nearby Wasatch Mountains provide water, recreational opportunities, and a scenic backdrop. The I-15 corridor and TRAX light rail line on the west side of the city provide both access to downtown Salt Lake City (approximately 15 miles to the north) and the opportunity to be a commercial center for the south end of the valley.

Sandy is home to several cultural, recreational, and entertainment venues, namely, the Sandy Amphitheater, the Living Planet Aquarium, the Sandy Museum, and Rio Tinto Stadium, home of Real Salt Lake soccer. Also, world-class ski resorts, such as Alta and Snowbird, are located just minutes away from Sandy's borders.

Sandy experienced tremendous growth both in land area and population during the past thirty years. Annexation of previously unincorporated land has resulted in growth from 6.6 square miles in 1970 to nearly 23 square miles today. Annexations combined with new construction resulted in population growth from 6,438 to 87,461 in that same time period. Many of the new homes built during the 70's and the 80's were bought by young families which resulted in one of the lowest median ages in the nation. In recent years, the population has aged as many of the children in the young families have grown and left home. The median age of Sandy City changed from 20.3 years in 1980 to 29.1 years in 2000. This demographic shift has had an effect on the city budget in such areas as declining participation in recreation programs and a reduced rate of growth in both sales tax revenue and state road funds which are based partially on population.

Commercial growth, however, continues along the I-15 corridor which in turn continues to fuel a strong economy and tax base and provides job opportunities for residents.

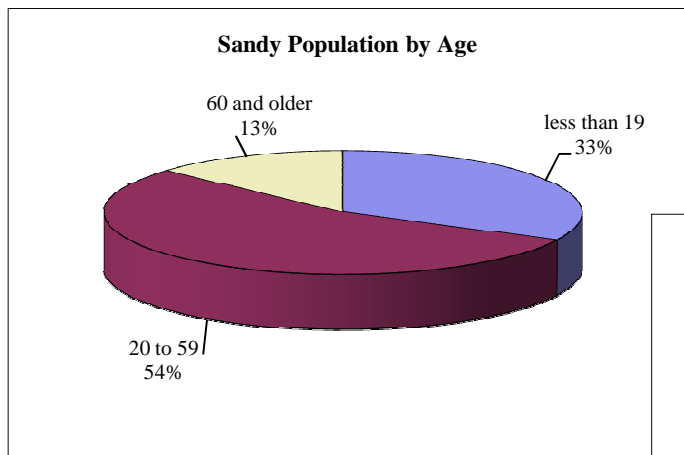


Sandy City border on a relief map produced by Sandy GIS staff (view is facing east; I-15 is shown in red)

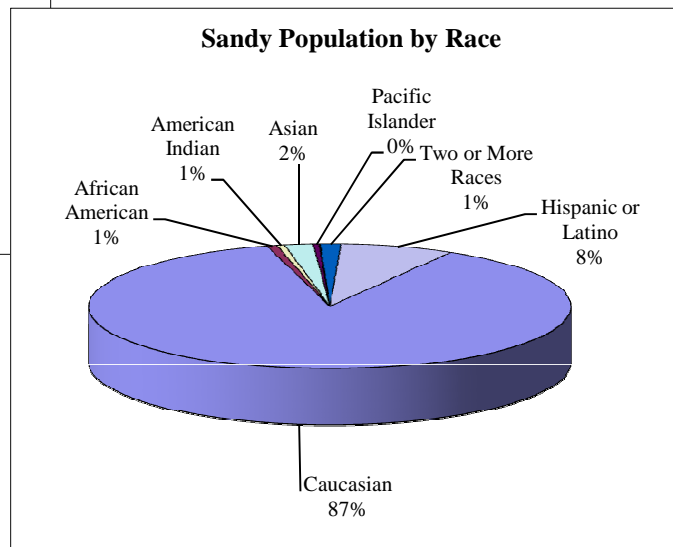
COMMUNITY PROFILE (cont.)

Date of Incorporation	1893
Form of Government	Council - Mayor
Median Family Income	\$ 84,878
Unemployment Rate (2009)	2.8%

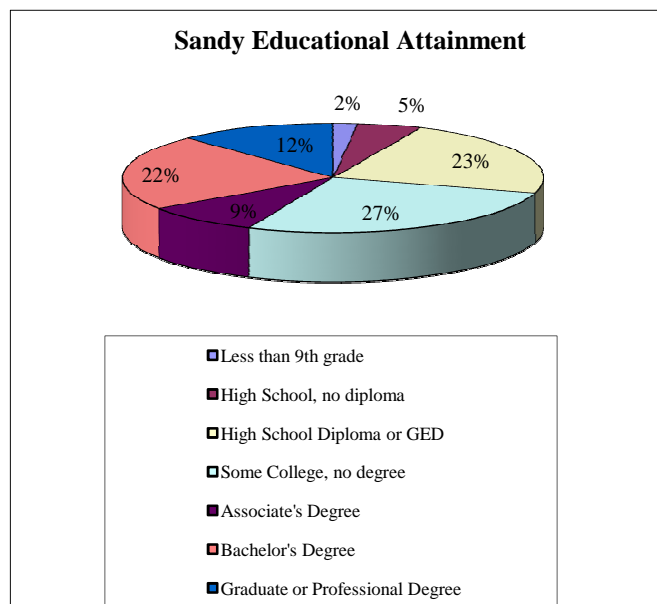
Year	Population	Median Age	Area in Sq. Miles
1950	2,095	-	1.3
1960	2,322	-	1.3
1970	6,438	20.3	6.6
1980	52,210	20.3	18.6
1990	75,058	22.9	20.3
2000	88,551	29.1	22.35
2005	93,096	29.1	22.81
2010 Est.	96,660	33.0	22.97



Source: Census Bureau Estimate



Source: 2000 Decennial Census



Source: American Community Survey, 2006

COMMUNITY PROFILE (cont.)

2008 Labor Force	Avg. Annual	
	Wage	Employees
Finance, Insurance & Real Estate	45,168	2,501
Information	37,296	1,986
Trade, Transportation & Utilities	31,908	9,652
Manufacturing	48,252	2,800
Mining	51,024	32
Construction	44,028	3,906
Government	36,984	4,797
Services	28,590	16,504
	34,449	42,178

Source: Utah Department of Workforce Services

Building Permits		
Cal. Year:	Commercial	Residential
1999	45	167
2000	30	182
2001	36	166
2002	30	168
2003	35	177
2004	20	115
2005	43	159
2006	36	227
2007	31	115
2008	43	42
2009	11	27

Top Ten Property Taxpayers		2008 Assessed	% of Total
Taxpayer	Type of Business	Property Valuation	Assessed Valuation
Macerich Co.	Real Estate Investment Trust	\$ 189,844,800	2.58%
Lawrence & Karen Miller	Auto Mall/Business Complex	142,361,200	1.93%
Ronald Raddon	Commercial & Office Development	90,617,901	1.23%
The Boyer Company	Commercial & Office Development	65,438,900	0.89%
KBS South Towne, LLC	Apartment Complex	48,952,000	0.67%
Pacificorp	Electric Utility	41,313,789	0.56%
SSR Western Multifamily LLC	Apartment Complex	39,724,850	0.54%
Becton Dickinson & Company	Pharmaceutical Manufacturing	38,983,100	0.53%
Magna Investment	Commercial & Office Development	36,439,200	0.50%
Qwest Communications	Telephone Communications	24,714,989	0.34%
Total		<u>\$ 718,390,729</u>	9.77%

Sources: Utah State Tax Commission and Salt Lake County Assessment Records

Top Ten Sales Taxpayers
Best Buy
Champion Ford
Costco
Harmon City INC
Larry H Miller Chrysler Jeep
Stockton to Malone
Super Target
USTC Motor Vehicle
Utah Power & Light
WalMart Supercenter

Major Employers
Becton Dickinson
ACS Business Processing Solutions
Sandy City
WalMart
Harman Music Group Inc
E Trade Financial
Alta View Hospital
UCN Inc/INCONTACT
Aetna Behavioral Health
Macey's Grocery Store